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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

***Wheat.** All wheat production is forecast at 2.31 billion bushels, down less than 1% from the August forecast and down 10% from 1998. The World Agricultural Outlook Board (WAOB) projected 1999/2000 ending stocks up 16 million bushels from last month as smaller exports more than offset lower production and larger seed use. The projected price range for 1999/2000 is \$2.45 to \$2.75 per bushel compared to \$2.65 for the 1998 crop. Projected U.S. exports are 25 million bushels below last month's forecast because of increased competition.

***Corn.** The September forecast for 1999 corn production is 9.38 billion bushels, down 2% from the last forecast and down 4% from last year. The market year average price between \$1.75 and \$2.15 a bushel is expected compared to \$1.95 for the 1998 crop. Global production is expected to be down 2% from last year. Global 1999/2000 ending stocks are expected to be down less than 1% from the previous year. The U.S. corn crop was rated 58% good to excellent as of September 12th compared to 65% a year earlier.

***Soybeans.** The 1999 soybean crop is forecast at a record high 2.78 billion bushels, down 3% from August 1, but up 1% from last year's record of 2.76 billion bushels. A market year average price is projected between \$4.40 and \$5.20 per bushel, compared to \$5.00 for the 1998 crop year. Global 1999/2000 oilseed production is projected at a record 296.5 million metric tons, off 2.0 million tons from last month but up 4.0 million tons from last year. The U.S. soybean crop was rated 45% good to excellent for the week ending September 12th compared to 60% a year ago.

***Cotton.** Sharply lower production highlights this month's world cotton estimates for 1999/2000. The U.S. cotton production is forecasted at 17.5 million 480-pound bales, down 4% from last month, but up 26% from last year. World trade is virtually unchanged. Despite higher beginning stocks in China and the United States, estimated world ending stocks are revised down 3% from last month's estimate to 41.1 million bales.

***All Rice.** U.S. rice production is forecast at a record 212.1 million cwt, down 1% from August 1, but 13% above 1998. Harvest was ahead of schedule in all States except Mississippi and California. The market year average price is expected to average between \$5.75 and \$6.25 per cwt compared to \$8.83 per cwt for the 1998/99 crop.

***Other Crops.** The September **Durum Wheat** forecast, at 110 million bushels, is down 3% from last month and down 22% from last year. The September **Other Spring Wheat** production is forecast at 508 million bushels, down 1% from a month ago and 4% from a year ago. **Grain Sorghum** is forecast at 580 million bushels, up 12% from 1998. **Barley** production is forecast at 283 million bushels, less than 1% higher than August but down 20% from 1998. The **peanut crop** is expected to be down 3% from last year and **all tobacco** production down 11% from last year.

***Cattle.** September 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 9.53 million head, up 5% from a year earlier. August placements were up 17% from the previous year. Marketings of fed cattle were 4% above 1998. At mid-September, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$66 per cwt and are expected to remain near this level during the fourth quarter of 1999. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$78 per cwt in mid-September, up \$2 from mid-August.

***Hogs.** U.S. **inventory of all hogs and pigs** on September 1, 1999, was 60.7 million head. This was 4% below September 1998. **Breeding inventory** was down 8% and **market hog inventory** was down 4% from last year. Prices at mid-September (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$33 per cwt, down \$5 from mid-August. Fourth quarter prices are expected to average \$33 per cwt.

***Other Livestock.** August **milk production** was up 3.6% from the previous year. Production per cow increased 3.1%, however, the number of cows was almost unchanged from August 1998. The August **Basic Formula Price (BFP)** was \$15.79 per cwt, up \$2.20 from July. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) increased 2.5 cents for the first week of September but decreased 5.7 cents for the second week and 8.7 cents for the third week. This suggests that the September BFP will likely be

down. During July, total **cheese** production was 5.8% above the previous year, **butter** production was up 22.8% and **nonfat dry milk** production was up 18.5%. **Sheep** slaughter for August totaled 296 thousand head, 8% above last year. The average live weight was 127 pounds, up 4 pounds from a year ago. US table **egg production** totaled 5.87 billion during August, up 4% from 1998. Wholesale market **egg prices** for the fourth quarter of 1999 (Grade A large, New York) are expected to average 73-77 cents per dozen, compared with 81.7 cents a year ago. First quarter 2000 egg prices are expected to average 67-73 cents per dozen, compared with 75.0 cents a year ago. As of the week ending September 11, cumulative **broiler placements** for 1999 in 15 selected states were 5.20 billion, up 3% from the same period a year earlier. The wholesale 12 city average price for whole broilers for the fourth quarter of 1999 is expected to be 56-58 cents, compared to 64.5 cents for the fourth quarter of last year. First quarter 2000 broiler prices are expected to average 52-56 cents per pound, compared with the 58.1 cents for a year earlier. Cumulative **turkey poult placements** for the 1999 marketing year through August were 295 million, 3% less than the same period a year ago. Placements in August, at 24.8 million, were 1% more than last August. Prices (8-16 lb. hens, Eastern Region) for the fourth quarter of 1999 are expected to be in the 76-80 cent range compared with 71.2 cents for the fourth quarter last year. Turkey prices for the first quarter of 2000 are expected to average 58-62 cents per pound, compared with the 59.4 cents average for the first quarter of 1999. **Supplies in refrigerated warehouses** at the end of August compared with a year earlier were: chicken, up 50; turkey, down 18; pork, up 11; beef, down 5; and frozen orange juice, down 20%.

***Trade.** September U.S. **trade projections** for 1999/2000 export prospects for wheat, corn, and soybeans declined, compared with last month. Rice, cotton, beef, pork, broilers, and turkeys were unchanged from August. September projections for the volume of exports for the 1999/2000 marketing year compared to 1998/1999 are: **wheat** up 8%; **corn** down 7%; **rice** unchanged; **soybeans** up 11%; **soybean meal** up 12%; **soybean oil** down 15%; and **cotton** up 33%. September projections for the volume of meat exports in calendar 2000 compared to 1999 are: **beef** down 4%; **pork** down 5%; **broilers** down slightly; and **turkeys** up 3%. The U.S. **trade** deficit for goods and services increased to \$25.2 billion in July, from a revised \$24.6 billion in June. The U.S. **agricultural trade** surplus was \$819 million in July, compared with \$520 million in June.

***Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, increased 0.2% in August and has increased 2.3% over the last 12 months. The **PPI** increased 0.5% in August. This followed an increase of 0.2% in July. For the 12-month period ending in August, the PPI increased 2.3%. The August **prime rate**, averaging 8.06%, was up from 8.00% in July. Compared to a year earlier, **feed** prices in August were down 9%; **feeder livestock and poultry** prices up 10%; **fertilizer** down 9%; **ag chemicals** down 3%; **farm machinery** up 1%; **seeds** down 2%; and **fuels** up 23%.

***World Weather and Crop Developments** (August 12-18). In the **United States**, Hurricane Floyd's strong winds and heavy rainfall damaged crops along the Atlantic Coast from South Carolina to New England. The worst damage was in North Carolina and Virginia. Warm daytime temperatures promoted ripening, and dry weather aided harvest progress in the Corn Belt and Southeast. In the Great Plains, fieldwork and winter wheat seeding progressed with virtually no rain delays. Adequate soil moisture and cool weather aided emergence and growth in early-planted wheat fields. In the Pacific Northwest, new winter wheat seedlings emerged, despite hot weather and dry soils. Crop development and harvest progress continued to lag in the Southwest. In southern **Russia** and **Ukraine**, mostly dry weather helped summer crop harvesting and winter wheat planting. Unseasonably warm, dry weather in Western Siberia favored harvest activities. Wet weather slowed early corn and sugar beet harvesting in western **France** and the northern Iberian peninsula. Dry weather dominated southern Spain and Portugal, favoring corn, rice, and cotton harvesting. In central and eastern Europe, isolated showers hampered summer crop harvesting in localized sections of northern Italy, eastern Germany, western Poland, and the Czech republic. Light to moderate rain fell across most of the **North China Plain**, increasing topsoil moisture for winter wheat planting. In **Australia**, scattered showers across the west and southeast maintained generally favorable conditions for winter grains and oilseeds. Temperatures averaged near to slightly above normal in the southeast, spurring crop development. In Western Australia, cooler-than-normal weather slowed crop growth while reducing crop moisture demands. Variable showers fell across most of **Thailand** and **Vietnam**, maintaining adequate moisture supplies for rice. Light to moderate rain covered most of central **Argentina**, increasing topsoil moisture for vegetative winter wheat. In southern **Brazil**, widespread showers boosted soil moisture for early soybean planting. Drier weather prevailed across the Southern Plateau of **Mexico**, aiding maturing corn. In **Canada**, a killing freeze covered much of the Prairies, ending the growing season for spring grains and oilseeds in Saskatchewan and northern sections of Manitoba. The freeze was generally on schedule, and any damage incurred by oilseed and grains will be assessed after harvest. Mostly dry weather allowed grain and oilseed harvests to rapidly advance, although scattered showers continued to hamper fieldwork in Manitoba and neighboring areas of Saskatchewan.

***Other News.** Farm prices for **corn** are expected to remain weak in 1999/2000. This year's crop is smaller, however, supplies are essentially unchanged because of large carryin stocks. Prices strengthened when the impact of the drought in the eastern Corn Belt became clear, but abundant supplies in other major U.S. growing regions are expected to keep the average farm price near the 1998/99 forecast of \$1.95 per bushel. Domestic use of corn could set another record in 1999/2000. Exports of U.S. corn will decline because of increased competition from China, continued large exports by Argentina, and declining world trade. Overall, **U.S. agricultural exports** are forecast to increase in fiscal year 2000 to \$50 billion. This is the first increase since 1996, and would be a gain of 2% over 1999. The Omnibus Appropriations Act of 1998 targets significant **tax relief** to farmers. This relief permanently extends income averaging, extends the carryback period for net operating losses, and allows farmers to report production flexibility payments in the year actually received even if they are made available to farmers in an earlier tax year.

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